



Agenda Date: 11/17/23
Agenda Item: 2E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY FOR)
APPROVAL OF INCREMENTAL COVID-19 COSTS FOR)
RECOVERY THROUGH A NEW SPECIAL-PURPOSE)
CLAUSE, AND FOR AUTHORIZATION TO RECOVER)
UNCOLLECTIBLE COSTS FOR GAS THROUGH THE)
SOCIAL BENEFITS CHARGE) DOCKET NO. GR23070448

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Matthew Weissman, Esq., Managing Counsel, Public Service Electric and Gas Company

BY THE BOARD:

By this Decision and Order, the New Jersey Board of Public Utilities (“Board”) considers designating a Presiding Commissioner, setting a bar date for motions, and establishing a manner of service regarding a petition filed by Public Service Electric and Gas Company (“PSE&G” or “Company”) to recover costs incurred due to the COVID-19 pandemic (“Petition”).

BACKGROUND

On July 2, 2020, the Board issued an Order authorizing the State’s utilities to create a COVID-19 regulatory asset by allowing the deferral of incremental and prudently incurred COVID-19-related costs.¹ The July 2020 Order provided that the deferral period began on March 9, 2020, and concluded upon the latest of the following dates: 1) September 30, 2021; 2) 60 days after Governor Murphy declared that the Public Health Emergency was no longer in effect; or 3) in the absence of such a declaration, 60 days from the time the Public Health Emergency automatically terminated pursuant to N.J.S.A. 26:13-3(b) (“Regulatory Asset Period”). The July 2020 Order further required:

1. Each utility with a COVID-19 regulatory asset account to file with the Board quarterly reports, together with a verification by an authorized representative, detailing its COVID-19-related costs and offsets; and

¹ In re the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated July 2, 2020 (“July 2020 Order”).

2. All affected utilities to file a petition with the Board by December 31, 2021, or within 60 days of the close of the Regulatory Asset Period either addressing any potential rate recovery of the utilities COVID-19 regulatory asset, including any prudence determinations, and the appropriate period of recovery for any approved amount of the regulatory asset and any associated savings; or, in the alternative, requesting that the Board defer consideration of COVID-19 regulatory asset rate recovery until a future base rate case.

Through a series of Orders, the Board extended the Regulatory Asset Period until March 15, 2023, and the deadline to file for recovery of costs until July 17, 2023.² The Board also ordered the utilities to file a formal plan detailing their accessing and use of State and federal funds, arrearage and disconnection reduction strategies, arrearage recovery efforts, savings due to COVID-19 related changes, et al., during the Regulatory Asset Period.³

On June 7, 2023, the Board issued an Order requiring that all filings for cost recovery of COVID-19 regulatory asset balances must be evaluated on a case-by-case basis, whether as part of a base rate case or a separate proceeding, to ensure an equitable determination specifically tailored for each individual utility seeking cost recovery.⁴ The June 2023 Order further required that a utility must, as part of any filing for cost recovery of COVID-19 regulatory asset balances independent of a base rate case proceeding:

1. Propose a new, separate, special-purpose clause or rider that clearly defines the purpose and scope of the regulatory asset balances being proposed for recovery;
2. Propose rate design that applies a volumetric rate(s) to all applicable customer classes;
3. Propose a reasonable amortization period for the regulatory asset balances, taking into consideration the financial impact on ratepayers' bills;
4. Include carrying costs at a reasonable rate for any over- or under-recovery; and
5. Include all other necessary supporting documentation.

PETITION

In accordance with the June 2023 Order, PSE&G filed the Petition on July 17, 2023, seeking recovery of its costs stemming from the COVID-19 pandemic. The Company reported expenses from COVID-19 preparations, overtime, labor, and lost distribution fee revenue, largely linked to customer accounts, like bad debt and operational expenses.⁵ The Petition also described PSE&G's COVID-19 response strategy, involving customer outreach, analytics, field resources, and public awareness campaigns.

² In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated September 14, 2021; In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated December 21, 2022; In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic, Order Extending the Deadline for the Filing of Petitions for the Recovery of COVID-19 Regulatory Assets, BPU Docket No. AO20060471, Order dated May 10, 2023.

³ In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated March 16, 2021.

⁴ In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated June 7, 2023 ("June 2023 Order").

⁵ A detailed breakdown of the Company's incremental costs is provided in the Petition.

By the Petition, the Company proposed to spread these balances over three (3) years, with interest applied at the Company's cost of capital rate. PSE&G identified cost-saving methods, such as remote work and obtaining credits via the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Employee Retention Credit.

To recover costs, PSE&G seeks approval to introduce a special-purpose clause, the Distribution Adjustment Charge ("DAC"), and manage future bad debt on its gas operations similar to its electric operations. Under PSE&G's proposal, the estimated bill impact of a typical residential electric customer using 740 kWh in a summer month and 577 kWh in an average month (6,920 kWh annually) would be an increase in the average monthly bill from \$117.78 to \$118.32, or \$0.54 or approximately 0.46%. Furthermore, a residential natural gas heating customer using 172 therms per month during the winter months and 87 average monthly therms (1,040 therms on an annual basis) would see an increase in the average monthly bill from \$98.45 to \$100.09, or \$1.64 or approximately 1.67%.

DISCUSSION

The Board **HEREBY DETERMINES** that the Petition should be retained by the Board for hearing. Pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Holden as the Presiding Officer with authority, in relation to the Petition, to rule on all motions that arise during the pendency of the proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entity seeking to intervene or participate file the appropriate application with the Board on or before December 22, 2023. Any party wishing to file a motion for admission of counsel, *pro hac vice*, should do so concurrently with any motion to intervene or participate.

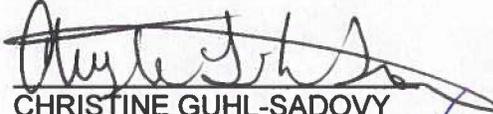
In addition, in compliance with the Board's Order in Docket No. EO20030254, all parties are **HEREBY DIRECTED** to serve all documents electronically.⁶ No hard copies shall be filed until the Board lifts the restrictions imposed in that Order. The Board **HEREBY DIRECTS** Staff to post this Order to the Board's website.

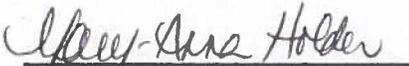
⁶ In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020.

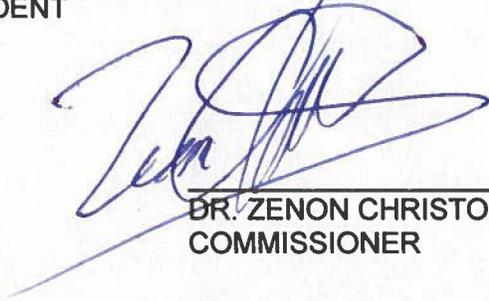
The effective date of this Order is November 24, 2023.

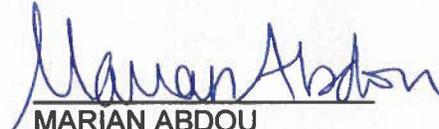
DATED: November 17, 2023

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


MARY ANNA HOLDEN
COMMISSIONER


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER

ATTEST: 
SHERRI L. GOLDEN
BOARD SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY
FOR APPROVAL OF INCREMENTAL COVID-19 COSTS FOR RECOVERY THROUGH A NEW
SPECIAL-PURPOSE CLAUSE, AND FOR AUTHORIZATION TO RECOVER UNCOLLECTIBLE
COSTS FOR GAS THROUGH THE SOCIETAL BENEFITS CHARGE

BPU DOCKET NO. GR23070448

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